SOLUTIONS TO PROMOTE THE ATTRACTION OF FOREIGN INVESTMENT IN INDUSTRIAL ZONES IN BINH DUONG PROVINCE IN VIETNAM

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Abstract- In Vietnam, Binh Duong is one of the leading provinces in construction and industrial zone development. Therefore, studying solutions to promote attraction of foreign investment in industrial zones in Binh Duong is urgent. Research results will help managers and authorities know the advantages, disadvantages and legal policies that investors are facing when investing in industrial zones in Binh Duong. Thereby, the authors propose a number of solutions to functional agencies to overcome difficulties and create favorable conditions to raise the level of satisfaction for investors in these industrial parks, ensuring for businesses to develop sustainably, contributing more to the economic development of Vietnam.

Keywords- Solutions, Foreign Investment, Industrial Zones, Attraction Investment.

I. INTRODUCTION

In Vietnam, Binh Duong is one of the leading provinces in construction and industrial zone development. The industrial zones of the province Binh Duong have developed strongly both in quantity and ability to attract capital of domestic and foreign investors, Binh Duong is also one of the few localities attracting many projects with capital investment, using huge number of employees. That has really become an important resource to promote economic growth of Binh Duong in particular and the country in general through the provision of capital, production technology and modern management level from investors domestically and internationally. Therefore, Binh Duong province has been paying attention and attention to creating favorable conditions for investors to operate more and more, this is also an important factor determining the attraction of capital investment of Binh Duong province in the future. Therefore, studying solutions to promote attraction of foreign investment in industrial zones in Binh Duong is urgent.

Research results will help managers and authorities know the advantages, disadvantages and legal policies that investors are facing when investing in industrial zones in Binh Duong. Thereby, the authors propose a number of solutions to functional agencies to overcome difficulties and create favorable conditions to raise the level of satisfaction for investors in these industrial parks, ensuring for businesses to develop sustainably, contributing more to the economic development of Vietnam.

II. MATERIALS AND METHODS

To carry out this study, the authors surveyed 167 investors in industrial zones in Binh Duong province. All data in this study were processed completely by Excel and SPSS software.

Factor analysis is performed by Principal Components method, with the conditions that need to be considered in the results of processing as follows:

First, KMO coefficient (Kaiser-Meyer-Olkin Measure of Sampling Adequacy) ≥ 0.5, is suitable for factor analysis.

Second, the Sig coefficient of Sphericity $\leq 5\%$, the variables are correlated.

Third, Total of Initial Eigenvalies > 1, determine the factor to be drawn.

Fourth, Cumulative % of Extraction Sums of Squared Loadings >50%, the factor explanation of the factor is drawn.

Fifth, Component of Rotated Component Matrixa > 0.4, also known as Factor loading, is used to determine the variable to be selected by factor.

In all analyzes and tests in this study, the authors used the significance level of 5%.

Regression analysis was carried out with a one-way method, regression results were evaluated through a factor of R^2 correcting Adjusted R Square (model suitability assessment) and F-test (test matching model). At the same time, testing the multicollinearity phenomenon through consideration of Tolerance and VIF: if small Tolerance and VIF > 10 are signs of multicollinearity. If the above conditions are guaranteed, the regression model is constructed, in which the coefficient R^2 corrects how well the regression model is.

III. RESULTS

The results obtained from the first 44 observed variables, after eliminating the observed variables that do not meet the analysis requirements, the authors obtained 38 observed variables affecting the

satisfaction level of investors. Industrial parks in Binh Duong and are divided into 9 groups of factors. To confirm the reliability of these 9 groups of factors, the authors conduct reliability testing with Cronbach's Alpha coefficients for the observed variables of the factor groups and meet the requirements. The groups of factors are as follows:

Group 1: Living and working environment

Include observed variables E1, E2, E3, E4, E5, E6, E7:

- E1: The school system meets the demand.
- E2: The health system meets the demand.
- E3: The environment is not polluted.
- E4: Attractive entertainment spots.
- E5: Friendly people.
- E6: Reasonable living expenses.
- E7: Disagreements between workers and businesses are resolved.

Group 2: Investment infrastructure

Include observed variables I1, I2, I3, I4, I6, I1:

- I1: The power supply system meets the requirements.
- I2: Full water supply and drainage system.
- I3: Convenient communication (telephone, internet).
- I4: Convenient transportation (time and cost).
- I6: The banking system meets the requirements.
- I1: Dynamic local leaders in supporting businesses.

Group 3: Investment policy regime

Includes observed variables:

- R2: Legal documents are quickly deployed to enterprises.
- H3: High-skilled labor.
- P2: Local authorities provide thoughtful support when businesses need.

Group 4: Investment industry advantage

Include observed variables:

- A1: Convenient for main materials for production.
- A2: Convenient main consumer market.
- A3: Close to business partners (distribution, main supply).
- A4: Market competition with major competitors.

Group 5: Quality of public services

Include observed variables P1, P3, P4, H5:

- P1: Simple and fast administrative procedures.
- P3: Quick customs procedures.
- P4: Investment and trade promotion centers support businesses well.
- H5: The company does not encounter language barriers.

Group 6: Competitive input costs

Include observed variables C1, C2, C3, C4:

- C1: Low land rent.
- C2: Cheap labor costs.
- C3: Reasonable price of electricity, water and freight.
- C4: Competitive communication service price.

Group 7: Human resources

Include observed variables H1, H2:

- H1: Vocational training schools meet the requirements of enterprises.
- H2: Abundant labor source is abundant.

Group 8: Local brands

Include observed variables L1, L2, L4:

- L1: Binh Duong is an impressive province.
- L2: I think Binh Duong is a destination for investors.
- L4: I invest in Binh Duong province simply because I want to invest in this province.

Group 9: Satisfaction of investors in industrial zones in Binh Duong

Include observed variables SAT1, SAT2, SAT3, SAT4, SAT5:

- SAT1: Sales of businesses have been and will increase as desired.
- SAT2: The profitability of the business has been and will be achieved.
- SAT3: Our business will continue to invest long-term at Binh Duong.
- SAT4: I will introduce Binh Duong province to other investors.
- SAT5: Our business is very pleased with the investment in Binh Duong province.

To assess the importance of factors affecting the satisfaction of investors in industrial zones at Binh Duong [SAT], in order to make appropriate judgments and assessments, the authors conducted the linear regression analysis for the above groups of factors: [E]; [I], [A], [A], [P], [C], [H], [L] with the support of SPSS software.

Multiple regression equations represent the relationship between groups of factors and the satisfaction of investors in industrial zones in Binh Duong has the following form:

$Y = \beta 0x1 + \beta 1x2 + \beta 2x3 + \beta 3x4 + \beta 4x5 + \beta 5x6 + \beta 6x7 + \beta 7x8 + \varepsilon$

Inside:

- Y is the dependent variable representing satisfaction [SAT] of investors in the province of Binh Duong.
- β0, β1, β2, β3, β4, β5, β6, β7 are regression coefficients.
- x1, x2, x3, x4, x5, x6, x7, x8 are independent variables in order: [E]; [I], [R], [A], [P], [C], [H], [L].

The results of data processing are as follows:

Table 1. Regression coefficients.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.989	.335		2.948	.004		
	E	.134	.056	.156	2.378	.019	.690	1.450
	I	.164	.050	.214	3.248	.001	.681	1.469
	R	.184	.054	.244	3.419	.001	.580	1.725
	A	.019	.038	.029	.513	.609	.924	1.082
	P	.164	.050	.225	3.274	.001	.626	1.599
	C	-.034	.051	-.037	-.673	.502	.981	1.019
	H	.095	.047	.126	2.023	.045	.766	1.305
	L	.093	.044	.118	2.088	.038	.928	1.078

a. Dependent Variable: SAT

Source: Calculated by researcher.

From the data processing results, we find that the advantage groups of investment industry [A] have Sig coefficient = 0.609 (or Sig = 60.9%> 5%) and the group of competitive input cost factors [C] There are Sig = 0.502 (or Sig = 50.2%> 5%), so these groups are not statistically significant.

The authors used the Regression Model (Coefficients[a]) to test the regression coefficients of the factors in the model. The groups of factors with statistical significance of less than 5% are retained and the groups of factors with statistical significance greater than 5% are removed.

Table 2. Model Summary[b].

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.728[a]	.530	.513	.40146	1.862

a. Predictors: (Constant), [L], [P], [H], [I], [E], [A]

b. Dependent Variable: SAT

Source: Calculated by researcher.

Testing the relevance of the model: The data processing results in the overall model show that R^2 adjusted (R Square) equals 0.513 or 51.3% of the variation of investor satisfaction variables at Industrial parks are explained by variables [L], [P], [H], [I], [E] and [A].

Verifying the autocorrelation phenomenon: The results of data processing with Durbin – Watson coefficient = 1,862 show that there is no self-correlation in the model.

Table 3. ANOVA[a]

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	29.118	6	4.853	30.110	.000[b]
	Residual	25.788	160	.161		
	Total	54.905	166			

a. Dependent Variable: SAT

b. Predictors: (Constant), [L], [P], [H], [I], [E], [R]

Source: Calculated by researcher.

Analysis of variance: The coefficient sig = 0.000 < 0.05 shows that in the model the independent variables have a linear correlation with the dependent variable.

Checking the multicollinearity phenomenon: The method of analysis via EFA should not have the phenomenon of multicollinearity.

After testing the regression model, the author builds the following adjustment model:

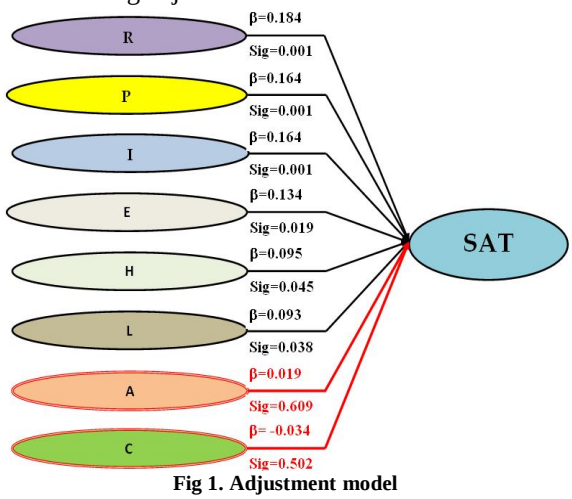

Fig 1. Adjustment model

From the above research model, the factors that affect the satisfaction of investors in industrial zones at Binh Duong according to the importance level are: [R]; [P]; [E]; [I]; [H]; [L].

IV. SOLUTIONS

Investment infrastructure: Constructing a synchronous infrastructure network both inside and outside the industrial zone. The management board of industrial zones in Binh Duong needs to focus on exploiting the advantages of geographical location very conveniently for socio-economic development. To build a synchronous infrastructure network both inside and outside industrial parks; to ensure industrial development associated with urban development and services; along with the socio-economic development, closely combining with the protection of the living environment, ensuring social order and safety in the locality.

Living and working environment: This is an extremely important factor, directly affecting the lives of investors and employees, thereby affecting the production and business situation of enterprises. Currently, the living and working environment of investors and workers in industrial zones is relatively guaranteed, but not really synchronized and does not meet the actual needs.

Human resources: In order to have the best human resources to meet your expectations and meet the requirements of the job, the following solutions should be implemented:

First: Industrial zone management boards act as a bridge between businesses and schools in the region so that enterprises actively participate in contributing their ideas and needs to the training process of schools, information through the implementation of training contracts, in which businesses should proactively set out a systematic, detailed, and specific requirements of their business, along with the standards of knowledge, as well as he skills required for each job position for the schools to review, update, change and design such training programs both fit the school's training program and meet the requirements of the business. This will help businesses save a lot of time and cost of training of high quality human resources for their businesses.

Second: Enterprises also need to have a policy of salary, bonus, incentives, welfare for employees commensurate with the qualifications, abilities and years of experience of each person to attract and retain the source of high quality labor to serve their businesses, thereby improving the production and business efficiency of enterprises.

Investment policies and quality of public services: Continuous administrative reforms associated with e-Government construction; urgently expanding the arterial transportation system; setting up and tightening regional security, ensuring the lives of workers.

CONCLUSIONS

Researching solutions to promote attraction of foreign investment in industrial zones at Binh Duong is urgently needed as a necessary research to determine the factors affecting the satisfaction of the investors in Vietnam, thereby determining the factors that need to be repaired to better meet the needs of investors to help investors be assured of long-term operation at local. This is the most complete and convincing solution in the process of inviting and attracting other investors to continue investing in industrial parks in Binh Duong in particular and investing in Vietnam in general.

The results of this study will help managers and authorities know the advantages, disadvantages and legal policies that investors are facing when investing in industrial parks at Binh Duong. Thereby, the authorities have a way to solve and overcome difficulties, create favorable conditions to raise the level of satisfaction for investors in industrial zones, ensure sustainable development for enterprises, contribute more to the economic development of the country.

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